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HOUSE BILL 777

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Larry A. Larrañaga

AN ACT

RELATING TO THE OIL AND GAS RECLAMATION FUND; ENSURING THE STABILITY OF FUNDS AVAILABLE IN THE OIL AND GAS RECLAMATION FUND; INCREASING THE MAXIMUM AMOUNT TO BE HELD IN THE OIL AND GAS RECLAMATION FUND BEFORE TRIGGERING A DECREASE IN THE OIL AND GAS CONSERVATION TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-30-4 NMSA 1978 (being Laws 1959, Chapter 53, Section 4, as amended) is amended to read:

"7-30-4. OIL AND GAS CONSERVATION TAX LEVIED--COLLECTED BY DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE-- INDIAN LIABILITY.--

A. There is levied and shall be collected by the department a tax on all products that are severed and sold. Except as provided in Subsections B and C of this section, the

underscoring material = new
[bracketed material] = delete

underscored material = new
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1 measure and rate of the tax shall be nineteen-hundredths
2 percent of the taxable value of sold products. Every interest
3 owner shall be liable for this tax to the extent of the owner's
4 interest in the value of the products or to the extent of the
5 owner's interest as may be measured by the value of the
6 products. An Indian tribe, Indian pueblo or Indian shall be
7 liable for this tax to the extent authorized or permitted by
8 law.

9 B. In the event the unencumbered balance in the oil
10 and gas reclamation fund equals or exceeds [~~one million one~~
11 ~~hundred fifty thousand dollars (\$1,150,000)~~] two million five
12 hundred thousand dollars (\$2,500,000) for any one-month period
13 computed after receipt of the tax for that month, the rate of
14 the tax levied by this section shall be eighteen-hundredths
15 percent beginning with the first day of the second month
16 following the month in which the unencumbered balance equaled
17 or exceeded [~~one million one hundred fifty thousand dollars~~
18 ~~(\$1,150,000)~~] two million five hundred thousand dollars
19 (\$2,500,000).

20 C. After having been reduced to eighteen-hundredths
21 percent, the rate of the tax imposed by this section shall
22 remain at that rate until the unencumbered balance in the oil
23 and gas reclamation fund is less than or equal to five hundred
24 thousand dollars (\$500,000) for any one-month period computed
25 after receipt of the tax for that month, in which event the

.164582.1

underscored material = new
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1 rate of the tax levied by this section shall be increased to
2 nineteen-hundredths percent beginning with the first day of the
3 second month following the month in which the unencumbered
4 balance equaled or was less than five hundred thousand dollars
5 (\$500,000).

6 D. The department shall notify taxpayers of any
7 change in the rate of tax imposed by this section."

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